

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TENNESSEE  
AT GREENEVILLE**

**IN RE:**

**LIBERTY FIBERS CORPORATION  
f/k/a SILVA ACQUISITION CORPORATION,  
Debtor.**

**Case No. 2:05-bk-53874  
Chapter 11**

**MOTION FOR APPROVAL OF STIPULATION AND SECOND INTERIM ORDER  
AUTHORIZING (A) SECURED POST-PETITION FINANCING ON A SUPER  
PRIORITY BASIS PURSUANT TO 11 U.S.C. § 364, (B) USE OF CASH COLLATERAL  
PURSUANT TO 11 U.S.C. § 363, AND (C) GRANT OF ADEQUATE PROTECTION  
PURSUANT TO 11 U.S.C. §§ 363 AND 364**

Comes the debtor, by and through counsel, pursuant to 11 U.S.C. §363 and 364 and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure, and moves the Court to enter the proposed Stipulation and Second Interim Order authorizing the debtor to borrow money post-petition from LaSalle Business Credit, LLC (“LaSalle”), with priority over administrative expenses and secured by liens on property of the estate, to use cash collateral in which LaSalle asserts a lien, and grant adequate protection to LaSalle (the “Second Interim Order”), and for grounds would show to the Court as follows:

1. Debtor filed a voluntary Chapter 11 bankruptcy petition on September 29, 2005.
2. Upon the debtor’s motion dated September 29, 2005 (the “Original DIP Financing Motion”), on September 30, 2005 the Court entered an interim order pursuant to Bankruptcy Rule 4001 (the “Interim Order”) authorizing the Debtor to borrow from LaSalle up to an aggregate of \$1,650,000 upon terms and conditions set forth in the Interim Order and (ii) set the Motion for a final hearing to consider entry of a final order (the “Final Order”) for October 18, 2005. By request of the parties, the Court continued the hearing on October 18, 2005 to October 24, 2005.

3. The parties have requested that the hearing on the Final Order be further continued to November 7, 2005 to provide the Committee of Unsecured Creditors with additional time to obtain counsel and review the Interim Order.

4. Unless extended by the parties with the approval of the Court, the provisions of the Interim Order will expire on October 24, 2005. LaSalle has agreed to extend the provisions of the Interim Order to November 7, 2005 as provided in the Second Interim Order. The Second Interim Order will provide the Debtor with continued post-petition financing and use of cash collateral through November 7, 2005.

5. Debtor requires the use of cash collateral and requires post-petition funding to operate as a Debtor-in-Possession and to maximize the value of its assets for the benefit of creditors pursuant to Chapter 11 of the Bankruptcy Code.

6. Debtor is unable to obtain sufficient levels of unsecured credit under 11 U.S. C. § 364(a) or (b) to maintain and operate its business and to successfully reorganize.

7. LaSalle, a pre-petition lender, is willing to advance post-petition funds to the debtor upon the terms and conditions set forth in the proposed Second Interim Order filed in conjunction with this Motion and pursuant to the Pre-Petition Credit Agreement between the parties. Said proposed post-petition financing provides for a principal amount of up to \$1,650,000.00 in a credit facility secured by virtually all of the assets of the Debtor.

8. The Debtor is unable to obtain secured credit allowable under 11 U.S.C. § 364(c)(1), (c)(2) and/or (c)(3), and is able to obtain secured credit from the LaSalle pursuant to § 364(d) only on the terms and conditions provided in the proposed Second Interim Order.

9. It is in the best interest of the debtor, debtor's estate, and its creditors that debtor be allowed to enter into the proposed post-petition financing agreement, cash collateral agreement, and grant of adequate protection agreement with LaSalle as described in the Second Interim Order to allow the debtor to operate its business post-petition and to maximize the value of its assets for the benefit of creditors.

10. Debtor asserts that the proposed Second Interim Order should be approved and entered, and that creditors and parties in interest be allowed to object and be heard at a final hearing on said Second Interim Order to approve post-petition financing, use of cash collateral and grant of adequate protection. The proposed date for said final hearing is November 7, 2005 at 1:30 p.m.

WHEREFORE, AND FOR ALL OF WHICH, the debtor moves that the proposed Stipulation and Second Interim Order approving post-petition financing, use of cash collateral, and grant of adequate protection be approved.

Respectfully submitted this 24th day of October, 2005.

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#### **CERTIFICATE OF SERVICE**

The undersigned certifies that a true and exact copy of the forgoing Motion and proposed Order was sent by email or by fax on this 24<sup>th</sup> day of October, 2005, to the following persons.

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